

**Exhibit C**

**The Claims Services Agreement**

## CLAIMS SERVICES AGREEMENT

In consideration of the mutual agreements herein set forth, Rust Consulting, Inc., (hereinafter, "Rust Consulting"), a Minnesota Corporation, and W. R. Grace & Co., a Delaware Corporation (hereinafter, "Grace") hereby agree:

1. Services. During the term of this Agreement Rust Consulting will provide to Grace claims administration services (hereinafter, "Claims Services") related to claims administration support and other database activities for the Grace Chapter 11 reorganization (the "Grace Reorganization"). Services provided include: designing notices and forms; printing and mailing notices; designing and programming systems; "800" telephone support; claims processing including document imaging, data capture, coding and outputting data to CD; mailing claim receipt acknowledgements; maintaining claims register for the court; archiving original documents; reporting; consulting; and computer operations. The Claims Services will be provided to support Grace in connection with the claims processing for the Grace Reorganization.

In support of the Claims Services to be provided under this Agreement, Rust Consulting will retain the services of DISC Acquisition Corp., d/b/a F.Y.I. Image via a subcontract arrangement. Rust Consulting shall be solely responsible for any performance by DISC Acquisition Corp., d/b/a F.Y.I. Image of Claims Services in connection with this Agreement and for all compensation and expense reimbursement which DISC Acquisition Corp., d/b/a F.Y.I. Image may claim in connection with such Claims Services.

The Claims Services are more fully described in the proposal submitted by Rust Consulting to Grace and attached hereto. It is understood that the actual Claims Services to be provided and the parameters associated with these Claims Services may be the subject of an amendment to this Agreement. This amendment would be entered into by mutual agreement of Rust Consulting and Grace after the Claim Forms are approved by the U.S. Bankruptcy Court in Wilmington, Delaware (hereinafter, "Court") and will reflect the actual services necessitated by the approved Claim Forms.

Both Rust Consulting and Grace acknowledge that time is of the essence in order to meet the claims process deadlines that are to be established by the parties and presented to the Court. The parties agree to cooperate and work together to meet the timeline that will be jointly established. In the event that an agreed upon deadline is jeopardized, the party responsible for the event will immediately notify the other party in writing and both parties will work together in an effort to meet the deadline.

Rust Consulting agrees to provide consulting services as experts to Grace individually and collectively in connection with the Grace Reorganization. These services are performed as a consulting expert within the meaning of FRCP Rule 26(b)(4). Rust Consulting agrees that it is an independent contractor and not an agent of Grace.

Rust Consulting and Grace agree that to the maximum extent possible, the attorney/client and work product privileges will apply, together with any other privileges extended by common law, statute or the Rules of Civil Procedure, including FRCP Rule 26(b)(4).

2. Insurance Coverage; Limitation of Liability; Representations; Disclaimer of Warranty. Rust Consulting agrees to maintain Fidelity coverage in the face value of \$5 million per occurrence. Rust Consulting agrees to maintain, and on request, provide evidence of workers compensation, employers liability, auto liability, general liability, errors and omissions insurance in face value of not less than \$5 million per occurrence (with no lower per-person limits or policy limits on the amount of claims of any type that may be payable during any year or during the policy term). In the event of any material errors or omissions by Rust Consulting, its employee or agents in connection with the Claims Services of other services rendered to Grace under this agreement, Grace's sole and exclusive remedy, and Rust Consulting's sole and exclusive liability, is that Rust Consulting shall redo the work affected by the error or omission to Grace's reasonable satisfaction, without charge to Grace (provided that, the limitation of remedy provided above in this Section 2 shall not apply if or to the extent that Rust Consulting fails to provide satisfactory and timely rework).

Rust Consulting shall not be liable, whether under theories of contract, negligence or other tort, statutory duty or other theories of liability:

(a) in an amount exceeding the total charges payable by Grace under this Agreement plus the amount of all insurance available to Rust Consulting applicable to such error or omission; or

(b) for any incidental, special, indirect, consequential or exemplary damages of any kind, including any lost profits, lost opportunities or business interruption.

Anything to the contrary notwithstanding, Rust Consulting shall be liable for its negligence or willful misconduct and for the negligence or willful misconduct of its employees, agents or contractors in connection with Claims Services provided or to be provided under this Agreement.

Rust Consulting warrants and represents that during the term of this Agreement:

a) it has, during the past five (5) years, provided Claims Services to several companies (including Babcock & Wilcox) which have, in connection with their Chapter 11 reorganization cases, each received several hundred thousand claims from creditors (including asbestos litigation claimants);

(b) all persons employed by Rust Consulting in providing Claims Services during the term of this Agreement will receive sufficient training and supervision from Rust Consulting to enable each of them to perform such Claims Services in an accurate and efficient manner;

c) Rust Consulting will exercise the same degree of reasonable care in providing Claims Services under this Agreement that would be exercised by companies in Rust Consulting's industry in providing substantially similar Claims Services in Chapter 11 cases reasonably comparable to Grace's Reorganization; and

d) Rust Consulting will comply with all rules, orders and other directions of the Court.

**Except as expressly stated above, neither Rust Consulting nor any person acting on Rust Consulting's behalf has made or makes any statement, affirmation, representation or warranty to Grace, express or implied, as to the nature, extent, quality, condition, accuracy, completeness, reliability or stability of Rust Consulting's claims services or its programs. ALL WARRANTIES IMPLIED BY LAW, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY DISCLAIMED AND EXCLUDED.**

3. Confidentiality. Rust Consulting will not disclose or divulge Grace data except to its officers, employees and agents as necessary or appropriate to the performance of Rust Consulting's obligation hereunder and except as required by law or consented to in writing by Grace.

Rust Consulting agrees to obey all confidentiality orders entered in any related or applicable litigation to which this Agreement refers.

Should Rust Consulting ever be notified of any judicial order or other proceedings in which a third party seeks to obtain access to the confidential data created by or for Grace, Rust Consulting will immediately notify Grace both verbally and in writing. Grace shall have the option to (1) provide attorneys at Grace's expense to avoid such access or (2) reimburse Rust Consulting for any of its costs, including attorneys' fees, reasonably incurred in avoiding, attempting to avoid or providing such access and not paid by the entity seeking the data.

If Rust Consulting is required, pursuant to a court order, to produce documents, disclose data, or otherwise act in contravention of the obligations imposed by this Agreement, or otherwise, with respect to maintaining the confidentiality, proprietary nature and secrecy of the produced documents or disclosed data, Rust Consulting will not be liable for breach of said obligation.

4. Employment Restrictions: During the term of this Agreement and for a period of six (6) months following the term of this Agreement, neither Rust Consulting on the one hand, nor Grace on the other hand, will employ or solicit for employment, as an employee, consultant, agent or otherwise, any person who is then or has been within the previous six (6) months of such time, an employee of the other.

5. Rights in Data. Rust Consulting does not convey nor does Grace obtain any right in the programs, system data, or materials utilized or provided by Rust Consulting in the ordinary course of business in the performance of this Agreement except that (1) all files, data, databases, input materials and output materials, and the media upon which they are located (including, without limitation, cards, tapes, diskettes and other storage facilities) which are paid for by Grace in connection with the performance of the Claims Services, whether or not confidential or proprietary, and (2) all other materials prepared for and delivered to Grace in the course of performance of the Claims Services hereunder, shall be the property of Grace.

Rust Consulting shall appropriately identify such property of Grace while it is in the possession of Rust Consulting. Rust Consulting agrees to use its best efforts to protect such property from levy by or upon the authority of creditors of Rust Consulting or committees, representatives or trustees thereof.

Grace shall have unrestricted access to all of Rust Consulting's files that are related to the Grace Reorganization from time to time in connection with the performance of the Claims Services, and Rust Consulting shall not deny access to Grace for any reason whatsoever.

6. Charges for Services. Charges to Grace for Claims Services shall be on a time and materials basis at the rates described in Appendix A of this Agreement. Any changes to the per page or per claim rates, to the hourly fees, or to the fixed fees and other charges provided in Appendix A must be agreed upon by Rust Consulting and Grace in advance. Both Rust Consulting and Grace agree that they will not unreasonably withhold or delay agreement upon such changes in the event that the project budgeting assumptions provided by Grace do not conform to actual experience in Grace's Reorganization. Appendix A will be revised from time to time, if and as necessary, to reflect such agreed upon changes. In addition, any other out-of-pocket expenses incurred by Rust Consulting at Grace's express request or prior authorization shall be paid and reimbursed by Grace.

Appendix C to this Agreement sets forth the project budgeting assumptions provided by Grace to Rust Consulting, the analysis prepared by Rust Consulting of the costs for the Claims Services to be provided by Rust Consulting based on those assumptions, and an overall summary of the budgeted costs of all Claims Services to be provided under this Agreement.

7. Payment of Charges. Rust Consulting will deliver to Grace statements of charges approximately monthly for Claims Services and other charges incurred. Each such statement shall provide such detail and documentary substantiation as Grace may reasonably require. If Grace objects to any charges on an invoice, the balance of the invoice will be approved by Grace for payment. Grace will notify Rust Consulting of the disputed charges on the invoice, and Rust Consulting and Grace will work together to resolve the disputed charges.

Decisions of the Court, other than the Court's ruling as to the appropriateness of the compensation to be paid by Grace to Rust Consulting shall not affect Grace's liability to Rust Consulting for payment of Claims Services. The actions of any party to the Grace Reorganization, including, but not limited to, withdrawal from the Grace Reorganization (or an appeal by any other party), does not affect Grace's liability to Rust Consulting for Claims Services provided under this Agreement. **Claims Services are not provided on a contingent basis.**

Payment by Grace is due within thirty (30) days after receipt by Grace of the statement of charges for professional services and for out-of-pocket charges as specified in Appendix B. Appendix B details the invoicing and payment cycle.

8. Collection Costs. All collection costs, including court costs and attorneys' fees, incurred by Rust Consulting in attempting collection of any delinquent charges hereunder will be reimbursed by the delinquent Grace, and will become due upon demand therefore by Rust Consulting.

9. Termination. The Claims Services to be provided under this Agreement may be terminated, at will:

(a) By Grace upon at least 30 calendar days' prior written notice to Rust Consulting. Grace's obligation to pay for services or projects in progress at the time of notice of withdrawal shall continue throughout that thirty (30) day period. Rust Consulting will continue to provide Claims Services during the period after notification and prior to termination. Grace shall pay all statements of charges then outstanding and any future statements of charges covering Claims Services provided prior to termination. If Grace fails to provide Rust Consulting the agreed prior notice of termination, it shall promptly pay to Rust Consulting as liquidated damages for such failure the amount of \$2,500, which payment shall not relieve Grace of any other liabilities to Rust Consulting.

(b) By Rust Consulting, (i) with ten (10) calendar days' prior written notice, if Grace is not current in payment of charges under paragraph 8 above, or (ii) in any event, upon at least six (6) months' prior notice to Grace.

Termination of the Claims Services shall not terminate, discharge, affect or impair the obligations of Grace under this Agreement as of the date of termination or as to any matter other than termination of Claims Services. Likewise, termination of the Claims Services shall not terminate, discharge, affect or impair the obligations of Rust Consulting under this Agreement as of the date of termination or as to any matter occurring prior to the date of termination.

10. Notice. Notice to each party shall be effective if in writing and delivered to or personally served upon Grace or Rust Consulting at their respective addresses and upon their officers set forth on cover sheet, or at such other address or upon such other person as a party may specify by written notice to the other person as a party may specify by written notice to the other parties.

11. Taxes. In addition to the charges payable under this Agreement, Grace will be responsible for payment of all state and local sales and use taxes, if any, levied upon the charges payable by Grace hereunder. Rust Consulting shall be responsible for the payment of all federal, state and local taxes, if any, levied on wages and/or salaries paid to its employees, and all taxes based on the net income of Rust Consulting's business.

12. Force Majeure. In the event that Rust Consulting or Grace is unable to perform any of its obligations under this Agreement because of natural disaster, actions or decrees of governmental bodies, labor dispute, electric power failure, communication line failure or other cause beyond the control of Rust Consulting or Grace (as the case may be)(hereinafter, "Force Majeure Event"), the party affected by the Force Majeure Event will immediately give notice to the other party hereto and will do everything possible to resume performance. Upon the occurrence of a Force Majeure Event and for so long as the Force Majeure Event continues, all affected obligations under this Agreement will be suspended.

13. Validity of Provisions, Severability. If any provision of this Agreement is or becomes or is deemed invalid, illegal, or unenforceable in any jurisdiction, (i) such provision will be deemed amended to conform to applicable laws of such jurisdiction so as to be valid and enforceable, or if it cannot be so amended without materially altering the intention of the parties, it will be stricken (ii) the validity, legality and enforceability of such provision will not in any way be affected or impaired thereby in any other jurisdiction, and (iii) the remainder of this Agreement will remain in full force and effect.

14. Nonwaiver of Rights. No failure or delay on the part of a party in exercising any right hereunder will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right will be effective unless given in a signed writing. No waiver of any such right will be deemed a waiver of any other right hereunder.

15. Governing Law. The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the State of Minnesota. No promises, representations or statements not expressly contained in this Agreement, or incorporated herein by reference, shall be binding upon the parties as a warranty or otherwise.

16. Entire Agreement. This Agreement embodies the entire agreement between the parties. No changes in, additions to, or waivers of, the terms and conditions of the Agreement will be binding upon any party, unless approved in writing by such party's authorized representative.

17. Counterparts. This Agreement may be executed simultaneously in any two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

18. Effective Date. This Agreement shall become effective upon the occurrence of the last of the following events:

(a) The Agreement has been signed by duly authorized agents or officers of both Grace and Rust Consulting; and

(b) The Agreement and the hiring of Rust Consulting has been authorized by the U.S. Bankruptcy Court in Wilmington, Delaware.

19. No Assignment or Subcontract. Rust Consulting shall not assign any rights, delegate any duties or subcontract with any person or company without the prior written consent of Grace.

**IN WITNESS WHEREOF**, this Agreement has been duly signed by Grace's duly authorized agent or officer and duly accepted by Rust Consulting, Minneapolis, Minnesota.

Dated as of AUGUST 29, 2001

W. R. GRACE & CO.

By: 

SENIOR VICE PRESIDENT, GENERAL COUNSEL  
AND CHIEF RESTRUCTURING OFFICER

RUST CONSULTING, INC.

By: Jeffrey D. Dahl  
Jeffrey D. Dahl  
Senior Vice President

Claims Services AgreementAppendix A to Claims Services Agreement

By and Between Rust Consulting, Inc. and W. R. Grace & Co., dated as of \_\_\_\_\_, 2001.

	Hourly <u>Rates</u>
<b>Rates:</b>	
<b>Project Management:</b>	
Principal	\$250
Sr. Project Managers	150
Project Managers	125
Technical Consultant	150
<b>Fixed Fees:</b>	
Initial Setup	\$25,000
Forms Layout and Design (per form type)	5,000
Reports and Affidavit	5,000
<b>Document Receipt:</b>	
Receive, open, date, number and pre-batch POC's	\$0.50
Batch for processing	0.10
<b>Claim Form Processing:</b>	
<b>Data capture - conforming claims:</b>	
Image Claim Form	per page 0.12
Image other documentation	per page 0.12
OCR/keyboard data entry 10 fields (keyed and verified at 99.5% accuracy)	per claim 1.04
QC review, exception processing	per claim 0.50
<b>Data capture - non-conforming claims:</b>	
Image Claim Form	per page 0.12
Image other documentation	per page 0.12
Keyboard data entry (250 characters, keyed and verified)	per claim 1.75
Code Claims (based on 3 subjective evaluations per claim form)	per claim 0.50
<b>Other:</b>	
Update claims database	per claim 0.10
Problem resolution	per claim 0.25
Transfer and update data with Clerk of Court	per claim 0.10
Output data to other entities	per claim/entity 0.10
<b>Claim Form Receipt Acknowledgments:</b>	
Claim Receipt Acknowledgments mailed	per claim 0.30
Update database for mailed date	per claim 0.05

Claims Services Agreement

## Telephone Assumptions:

IVR -Notice Request:	\$2,500
Setup	0.11
Average cost per minute of phone coverage (Domestic)	
Interactive voice service:	2,500
Monthly fee	0.40
Cost per call	0.60
Cost per transcription	
Live:	1,000
Setup	0.11
Average cost per minute of phone coverage (Domestic)	37
Cost per hour	
Attorney:	1,000
Setup	0.11
Average cost per minute of phone coverage (Domestic)	100
Cost per hour	

## Other Fees: (Estimated)

Archive documents	Included
Supplies	\$12,500
Other out-of-pocket costs	25,000

## Forms:

Complete Bar Date Notice:	[To be determined]
Notice and Claim Forms	[To be determined]
Envelope	[To be determined]
Return envelope	

## Other Charges:

Post Office Box Rental	\$375/six months
FedEx Shipments	FedEx Corporate Prices
Printing (Notices, Claim Forms, etc.)	Priced at time of Printing
Photocopies	\$0.15 per copy
Litigation Labels	(1-2 line) \$15.00/M
	(3-4 line) \$20.00/M
Barcode Labels	\$25.00/M
Postage	Billed at actual charges less any postal discounts
Out-of-Pocket Expenses	Cost

Claims Services Agreement**Appendix B to Claims Services Agreement**

By and Between Rust Consulting, Inc. and W. R. Grace & Co., dated as of  
, 2001.

1. Rust Consulting's invoices will be addressed to the first addressee of the Customer's personnel and agents listed on the cover sheet and mailed so as to be received by the 10th of the month.
2. A copy of Rust Consulting's invoices will be sent to the other Customers listed on the cover sheet; these mailings are for information purposes.
3. The checks will be sent to:

Rust Consulting, Inc.  
501 Marquette Avenue, Suite 700  
Minneapolis, MN 55402-1208

4. Wire transfer funds to:

Account Names: Rust Consulting, Inc.  
Account Number: 0229242110

Bank Route #: ABA #091000019  
Bank Address: Wells Fargo

Bank Contact: Diane Kamletz  
(612) 667-1516  
Diane Stych  
(612) 667-1509

5. Rust Consulting, Inc. is a Minnesota Corporation with Federal Tax ID# 41-1813634.
6. The Customer will issue and mail their check for Rust Consulting's preceding month's invoice as follows:
  - a) Out-of-pocket expenses, including media costs and postage, within 30 days of receipt of invoice.
  - b) Normal fees and expenses, 30 days following receipt of invoice.

Claims Services Agreement

**Appendix C to Claims Services Agreement**

By and Between Rust Consulting, Inc. and W. R. Grace & Co. dated as of \_\_\_\_\_  
2001.

The "Assumptions and Cost Analysis" dated July 23, 2001 and attached hereto, is not a part of the Claims Services Agreement, but is provided to furnish the context for hourly fees, transaction fees, fixed fees, charges and other out-of pocket expenses in Appendix A.

Rust Consulting, Inc.

Assumptions and Cost Analysis

**W.R. Grace Asbestos Bankruptcy**

July 23, 2001

## Rust Consulting, Inc.

## Index

	<u>Pages</u>
Case Data	1
Transaction Assumptions	2
Fee Assumptions	3 - 4
Fee Summary	5
Fee Detail:	6
Document Preparation	7
Telephone Services	8
Claim Form Processing	9
Project Management	10
Fixed Fees	11
Other Fees:	12
Other Fees	
Forms	

W.R. Grace Asbestos Bankruptcy  
Page 1

Rust Consulting, Inc.  
Case Data

## Assumptions:

Number of Claims Filed	500,000	100.0%
Conforming	475,000	95.0%
Nonconforming	25,000	5.0%
Number of Pages	10	
Number of Supporting Pages	10	

## Keyed Fields:

Fields:  
Alpha / alpha numeric  
Pick lists  
Dates

Number	Length
5	10
2	1
3	8
<u>10</u>	

## Notices and Claim Forms mailed (estimates):

Telephone / written requests

Law firms

Company

Clerk of Court database

Percent	Amount
13.33%	20,000
66.67%	100,000
20.00%	30,000
0.00%	0
<u>100.00%</u>	<u>150,000</u>

## Number of POC's filed:

Conforming Forms

Nonconforming Forms

95%	475,000
5%	25,000
<u>100%</u>	<u>500,000</u>

Number of Claim Receipt Acknowledgments mailed

100% 500,000

Rust Consulting, Inc.  
Transaction Assumptions

W.R. Grace Asbestos Bankruptcy  
Page 2

	<u>Quantity</u>
1. Notices and Claim Forms mailed:	20,000
(a) Telephone / written requests	100,000
(b) Law firms	30,000
(b) Company	0
(b) Clerk of Court database	<u>150,000</u>
2. Telephone calls:	
(a) IVR - Notice requests:	19,200
(1) Number received	12
(2) Duration of Service in months	1,600
(3) Average number of calls per month	
(b) Live:	18,000
(1) Number received	12
(2) Duration of Service in months	1,500
(3) Average number of calls per month	
(c) Attorney:	120
(1) Number received	12
(2) Duration of Service in months	10
(3) Average number of calls per month	
3. Claim Forms received:	95%     475,000
(a) Conforming Forms	5%     25,000
(b) Nonconforming Forms	<u>100%</u> <u>500,000</u>
4. Claim Receipt Acknowledgments mailed	<u>100%</u> <u>500,000</u>

## Rust Consulting, Inc. Fee Assumptions

W.R. Grace Asbestos Bankruptcy  
Page 3

		<u>Number</u>
1.	Document preparation:	
(a)	Number of POC's received:	
(1)	Conforming Forms	95.0% 475,000
(2)	Nonconforming Forms	5.0% 25,000
		<u>100% 500,000</u>
(b)	Document receipt:	<u>Rate</u>
(1)	Receive, open, date, number and pre- batch POC's for processing	\$0.50
(2)	Batch for processing	0.10
2.	Claim form processing:	<u>Fee per POC</u>
(a)	Data capture - conforming claims:	
(1)	Image Claim Form	10 pages @ \$0.12 per page \$1.22
(2)	Image other documentation	10 pages @ 0.12 per page 1.22
(3)	Data capture 10 fields (key and key verify at 99.5% accuracy)	1.04 per claim 1.04
(4)	QC review, exception processing	0.50 per claim 0.50
(b)	Data capture - nonconforming claims:	
(1)	Image Claim Form	1 pages @ 0.12 per page 0.12
(2)	Image other documentation	1 pages @ 0.12 per page 0.12
(3)	Key board data entry, QC, (250 Characters, Keyed and Verified)	1.75 per claim 1.75
(4)	Code Claims (based on 3 subjective evaluations per claim form)	0.50 per claim 0.50
(c)	Other:	
(1)	Update claims database	0.10 per claim 0.10
(2)	Problem resolution	0.25 per claim 0.25
(3)	Transfer and update data with Clerk's Office / output to CD-ROM to parties (per output)	0.10 per claim 0.10
3.	Claim Form Receipt Acknowledgments:	
(a)	Claim Receipt Acknowledgments mailed	0.30 per letter 0.30
(b)	Update database for mailed date	0.05 per letter 0.05

Rust Consulting, Inc.  
Fee Assumptions

## 4. Telephone Assumptions:

(a) IVR - Notice Request:	19,200
(1) Number of calls	\$2,500
(2) Setup	0.11
(3) Average cost per minute of phone coverage (Domestic)	2.5
(4) Duration per call (minutes)	
(5) Interactive voice service:	2,500
i Monthly fee	0.40
ii Cost per call	0.60
iii Cost per transcription	
(b) Live:	18,000
(1) Number of calls	\$1,000
(2) Setup	0.11
(3) Average cost per minute of phone coverage (Domestic)	6.5
(4) Duration per call (minutes)	37
(5) Cost per hour	
(c) Attorney:	120
(1) Number of calls	\$1,000
(2) Setup	0.11
(3) Average cost per minute of phone coverage (Domestic)	10.0
(4) Duration per call (minutes)	100
(5) Cost per hour	

## 5. Project management:

- (a) Principal
- (b) Sr. Project management
- (c) Project management
- (d) Technical consultant
- (e) Other

Hours	Rate
100 Hrs @	\$250
500 Hrs @	150
2,000 Hrs @	125
250 Hrs @	150
2,000 Hrs @	75

## 6. Fixed fees:

- (a) Initial setup
- (b) Forms layout and design (per OCR form)
- (c) Reports and affidavit

## 7. Other Fees:

- (a) Archive documents
- (b) Supplies
- (c) Other Out-of-pocket costs

Included

\$12,500  
25,000

## 9. Postage rates:\*

- (a) Complete Bar Date Notice
- (b) Claim Receipt Acknowledgments mailed

\$0.000

0.000

\* Charges for postage will be billed at actual charges less any postal discounts.

W.R. Grace Asbestos Bankruptcy  
Page 5

Rust Consulting, Inc.  
Fee Summary

## Assumptions:

Scenario #:	1
Number of Claims	500,000
Percent Conforming	475,000 95.0%
Percent Nonconforming	25,000 5.0%

<u>Task</u>	<u>Page</u>	<u>Total</u>	<u>per POC filed</u>
<u>Variable Fees:</u>			
Document Preparation	6	\$297,500	\$0.60
Telephone Services	7	146,132	0.29
Claim Form Processing	8	2,323,500	4.65
		<u>2,767,132</u>	<u>5.53</u>
<u>Project Management:</u>			
Project Management	9	537,500	1.08
<u>Other Fees:</u>			
Fixed Fees	10	35,000	0.07
Other Fees	11	37,500	0.08
Forms	12	100,000	0.20
		<u>172,500</u>	<u>0.35</u>
<b>Total Fees</b>		<b>\$3,477,132</b>	<b>\$6.95</b>

Rust Consulting, Inc.  
Document Preparation

W.R. Grace Asbestos Bankruptcy  
Page 6

	<u>Rate</u>	<u>Number of Transactions</u>	<u>Total</u>
Receive, open, date, number and pre- batch POC's for processing	\$0.50	500,000	\$247,500
Batch for processing	0.10	500,000	50,000
			<u><u>\$297,500</u></u>
Average cost per claim filed			<u><u>\$0.60</u></u>

Rust Consulting, Inc.  
Telephone Services

W.R. Grace Asbestos Bankruptcy  
Page 7

	<u>Number of calls</u>	<u>Duration per call</u>	<u>Total minutes</u>	<u>Rate</u>	<u>Total</u>
				<u>Hour</u>	<u>Min.</u>
Costs per minute:					
IVR - Notice Request:					
Long Distance	19,200	2.5	48,000	\$0.11	\$5,280
Setup		12 Months @	2,500		2,500
Monthly fee					30,000
Interactive voice service:					
Cost per call	19,200	Calls @	0.40 per call		7,680
Cost per transcription	19,200	Calls @	0.60 per call		11,520
					<u>56,980</u>
Live:					
Long Distance	18,000	6.5	117,000	0.11	12,870
Setup	18,000	6.5	117,000	0.62	1,000
Live Support					<u>72,150</u>
					<u>86,020</u>
Attorney:					
Long Distance	120	10.0	1,200	0.11	132
Setup	120	10.0	1,200	1.67	1,000
Live Support					<u>2,000</u>
					<u>3,132</u>
					<u>\$146,132</u>
					<u>\$0.29</u>

Average cost per claim filed

Rust Consulting, Inc.  
Claim Form Processing

W.R. Grace Asbestos Bankruptcy  
Page 8

	<u>Number of POC's</u>	<u>Number of Pages</u>	<u>Rate</u>	<u>Total Fees</u>
Data capture - conforming claims:				
Image Claim Form	475,000	10	\$1.22	\$579,500
Image other documentation	475,000	10	1.22	579,500
OCR / Key board data entry, QC, output to CD-ROM	475,000		1.04	495,900
Code Claims	475,000		0.50	237,500
			<u>3.98</u>	<u>1,892,400</u>
Data capture - nonconforming claims:				
Image Claim Form	25,000	1	0.12	3,050
Image other documentation	25,000	1	0.12	3,050
OCR / Key board data entry, QC, output to CD-ROM	25,000		1.75	43,750
Code Claims	25,000		0.50	12,500
			<u>2.49</u>	<u>62,350</u>
Other:				
Update claims database	500,000		0.10	50,000
Problem resolution	500,000		0.25	125,000
Transfer and update data with Clerk's Office / output to CD-ROM to parties (per output)	500,000		0.10	50,000
			<u>0.45</u>	<u>225,000</u>
Claim Form Receipt Acknowledgments:				
Claim Receipt Acknowledgments mailed	475,000		0.30	142,500
Update database for mailed date	25,000		0.05	1,250
			<u>0.35</u>	<u>143,750</u>
				<u>\$2,323,500</u>
Average cost per claim filed				<u>\$4.65</u>

Rust Consulting, Inc.  
Project Management

W.R. Grace Asbestos Bankruptcy  
Page 9

Principal  
Sr. Project management  
Project management  
Technical consultant  
Other

	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
	100 Hrs @	\$250	\$25,000
	500 Hrs @	150	75,000
	2,000 Hrs @	125	250,000
	250 Hrs @	150	37,500
	2,000 Hrs @	75	150,000
			<u>\$537,500</u>
			<u>\$1.08</u>

Average cost per claim filed

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Fixed Fees

W.R. Grace Asbestos Bankruptcy  
Page 10

Initial setup	\$25,000
Forms layout and design (per OCR form)	5,000
Reports and affidavit	5,000
	<hr/>
	\$35,000
	<hr/>
Average cost per claim filed	\$0.07
	<hr/>

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Other Fees

W.R. Grace Asbestos Bankruptcy  
Page 11

Archive documents	\$12,500
Supplies	25,000
Other Out-of-pocket costs	<u>\$37,500</u>
Average cost per claim filed	<u>\$0.08</u>

Rust Consulting, Inc.

Forms

## W.R. Grace Asbestos Bankruptcy

Page 12

<u>Forms:</u>	<u>Quantity</u>	<u>Type</u>	<u>#Pages</u>	<u>Size</u>	<u>Cost per form</u>	<u>Total Cost</u>
Complete Bar Date Notice:					TBD	\$0
Notice and Claim Form	150,000				TBD	0
Envelope	150,000				TBD	0
Return envelope	150,000					
Claim Form Receipt Acknowledgments:					0.200	100,000
Letters	500,000	Custom	8	8.5 x 11.0		\$100,000
	<u>950,000</u>					<u>\$0.20</u>

Average cost per claim filed